

108TH CONGRESS
2D SESSION

S. 1786

AN ACT

To revise and extend the Community Services Block Grant Act, the Low-Income Home Energy Assistance Act of 1981, and the Assets for Independence Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Poverty Reduction and Prevention Act”.

1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—COMMUNITY SERVICES BLOCK GRANT ACT

Sec. 101. Purposes.
 Sec. 102. Definitions.
 Sec. 103. Authorization of appropriations.
 Sec. 104. Establishment of program.
 Sec. 105. Use of funds.
 Sec. 106. Application and plan.
 Sec. 107. Designation of eligible entities in underserved areas.
 Sec. 108. Tripartite boards.
 Sec. 109. Training, technical assistance, and other activities.
 Sec. 110. Monitoring.
 Sec. 111. Corrective action; termination and reduction of funding.
 Sec. 112. Fiscal controls, audits, and withholding.
 Sec. 113. Accountability and reporting requirement.
 Sec. 114. Limitations on use of funds.
 Sec. 115. Operational rule.
 Sec. 116. Discretionary authority of the Secretary.
 Sec. 117. Community food and nutrition programs.
 Sec. 118. National or regional programs designed to provide instructional activities for low-income youth.

TITLE II—LOW-INCOME HOME ENERGY ASSISTANCE

Sec. 201. Short title.
 Sec. 202. Reauthorization.
 Sec. 203. Natural disasters and other emergencies.
 Sec. 204. Residential Energy Assistance Challenge option.
 Sec. 205. Report to Congress.

TITLE III—ASSETS FOR INDEPENDENCE REAUTHORIZATION ACT

Sec. 301. Short title.
 Sec. 302. Reauthorization of the Assets for Independence Act.

3 **TITLE I—COMMUNITY SERVICES** 4 **BLOCK GRANT ACT**

5 **SEC. 101. PURPOSES.**

6 Section 672 of the Community Services Block Grant
 7 Act (42 U.S.C. 9901) is amended to read as follows:

8 **“SEC. 672. PURPOSES.**

9 “The purpose of this subtitle is to reduce poverty—

1 “(1) by strengthening and coordinating local ef-
 2 forts to expand opportunities for individuals and
 3 families to become economically self-sufficient and to
 4 improve and revitalize the communities in which low-
 5 income Americans live, by providing resources to
 6 States for support of local eligible entities and their
 7 partners to—

8 “(A) plan, coordinate, and mobilize a
 9 broad range of Federal, State, local, and pri-
 10 vate assistance or investment in such a manner
 11 as to use these resources effectively to reduce
 12 poverty and in initiatives that are responsive to
 13 specific local needs and conditions;

14 “(B) organize multiple services that meet
 15 the needs of low-income families and individ-
 16 uals, especially low-wage workers and their fam-
 17 ilies, and that assist them in developing the as-
 18 sets and skills needed to become self sustaining
 19 while ensuring that these services are provided
 20 efficiently, in appropriate combinations, and in
 21 effective sequence; and

22 “(C) design and implement comprehensive
 23 approaches to assist individuals transitioning
 24 from the program of block grants to States for
 25 temporary assistance for needy families under

1 part A of title IV of the Social Security Act (42
 2 U.S.C. 601 et seq.) to work;

3 “(2) by improving and revitalizing the commu-
 4 nities in which low-income Americans live by pro-
 5 viding resources to—

6 “(A) broaden the financial resource base of
 7 initiatives and projects directed to the elimi-
 8 nation of poverty and the re-development of the
 9 low-income community, including partnerships
 10 with non-governmental and governmental insti-
 11 tutions to develop the community assets and
 12 services that reduce poverty, such as—

13 “(i) other private, charitable, neigh-
 14 borhood-based, and religious organizations;

15 “(ii) individual citizens, and busi-
 16 nesses, labor, and professional groups, who
 17 are able to influence the quantity and qual-
 18 ity of opportunities and services for the
 19 poor; and

20 “(iii) local government leadership; and

21 “(B) coordinate or create community-wide
 22 assets and services that will have a significant,
 23 measurable impact on the causes of poverty in
 24 the community and that will help families and
 25 individuals to achieve economic self-sufficiency,

1 and test innovative, community-based ap-
2 proaches to attacking the causes and effects of
3 poverty and of community breakdown,
4 including—

5 “(i) innovative initiatives to prevent
6 and reverse loss of investment, jobs, public
7 services, and infrastructure in low- and
8 moderate-income communities; and

9 “(ii) innovative partnerships to de-
10 velop the assets and services that reduce
11 poverty, as provided for in subparagraph
12 (A); and

13 “(3) by ensuring maximum participation of
14 residents of low-income communities and of mem-
15 bers of the groups served by programs under this
16 subtitle in guiding the eligible entities and in their
17 programs funded under this subtitle to ameliorate
18 the particular problems and needs of low-income
19 residents of their communities and to develop the
20 permanent social and economic assets of the low-in-
21 come community in order to reduce the incidence of
22 poverty.”.

23 **SEC. 102. DEFINITIONS.**

24 Section 673 of the Community Services Block Grant
25 Act (42 U.S.C. 9902) is amended—

(1) in paragraph (1)(A)(ii), by striking “or other mechanism”; and

(2) in paragraph (2)—

(A) in the first sentence—

(i) by striking “Office of Management and Budget” and inserting “Department of Health and Human Services”; and

(ii) by inserting before the period the following: “and increased, as the Secretary determines appropriate, to take into account higher costs-of-living for a State”; and

(B) by striking the last sentence and inserting the following: “Whenever a State determines that it has served the objectives of the block grant program established under this subtitle, the State may revise the poverty line, while placing a priority in serving those who are most in need, so that 125 percent of the official poverty line is the minimum level that a State shall be permitted to set as its maximum eligibility requirement and 60 percent of the State’s median income is the maximum level that a State shall be permitted to set as its maximum eligibility requirement. The State may revise

1 the poverty line only upon a determination that
 2 eligible entities are providing, coordinating, or
 3 partnering with means-tested support services
 4 for low and moderate-income individuals and
 5 families above the official poverty line. Nothing
 6 in this paragraph shall be construed to prevent
 7 eligible entities from continuing to support indi-
 8 viduals and families during their transition
 9 from program eligibility to achieve specific goals
 10 for their economic security and long-term self-
 11 sufficiency as long as priority is given to serv-
 12 ing the lowest income individuals who seek serv-
 13 ices.”.

14 **SEC. 103. AUTHORIZATION OF APPROPRIATIONS.**

15 Section 674 of the Community Services Block Grant
 16 Act (42 U.S.C. 9903) is amended—

17 (1) in subsection (a), by striking “1999 through
 18 2003” and inserting “2004 through 2009”; and

19 (2) in subsection (b)(2)—

20 (A) in subparagraph (A), by striking “or
 21 associations” and inserting “and associations”;

22 and

23 (B) in subparagraph (B)—

1 (i) by striking “ $\frac{1}{2}$ of the remainder”

2 and inserting “not less than $\frac{1}{2}$ of the re-

3 mainder”; and

4 (ii) by striking “evaluation and” and

5 inserting “evaluation and training and

6 technical assistance activities and”.

7 **SEC. 104. ESTABLISHMENT OF PROGRAM.**

8 Section 675 of the Community Services Block Grant

9 Act (42 U.S.C. 9904) is amended by striking “through

10 the program” and all that follows through the period and

11 inserting “to States for the purpose of ameliorating the

12 causes of poverty and the conditions caused by poverty

13 in their communities.”.

14 **SEC. 105. USE OF FUNDS.**

15 Section 675C(b) of the Community Services Block

16 Grant Act (42 U.S.C. 9907(b)) is amended—

17 (1) in paragraph (1)—

18 (A) in subparagraph (A), by striking “enti-

19 ties in need of such training and assistance”

20 and inserting “eligible entities and their state-

21 wide associations that strengthens their mana-

22 gerial or programmatic capabilities to reduce

23 poverty”; and

24 (B) by striking subparagraphs (B) through

25 (H) and inserting the following:

1 “(B) supporting statewide coordination
2 and communication among eligible entities and
3 State-operated or supported programs and serv-
4 ices, and other locally-operated programs and
5 services targeted to low-income individuals and
6 their children and families, so as to ensure that
7 local eligible entities’ services are integrated in
8 a manner that allows such low-income indi-
9 vidual and their families to have access to as
10 many sources of assistance as are appropriate
11 to support their progress to economic stability
12 and self-sufficiency;

13 “(C) supporting innovative partnerships,
14 programs, and activities conducted by commu-
15 nity action agencies and their partners includ-
16 ing other community-based organizations to
17 eliminate poverty, promote self-sufficiency, and
18 promote community revitalization, including
19 asset-building programs for low-income individ-
20 uals, such as programs supporting individual
21 development accounts, and home or business
22 ownership;

23 “(D) analyzing the distribution of funds
24 made available under this subtitle within the

1 State to determine if such funds have been tar-
 2 geted to the areas of greatest need;

3 “(E) supporting State charity tax credits
 4 as described in subsection (c);

5 “(F) supporting the identification of exem-
 6 plary eligible entities or programs as Centers of
 7 Innovation and methodology for disseminating
 8 innovative programs and other best practices
 9 from those agencies statewide;

10 “(G) supporting the development of eligible
 11 entities’ partnerships with local law enforce-
 12 ment agencies, local housing authorities, private
 13 foundations, and other public and private part-
 14 ners; and

15 “(H) supporting other activities, consistent
 16 with the purposes of this subtitle.”; and

17 (2) in paragraph (2), by adding at the end the
 18 following: “The State shall also ensure that all funds
 19 distributed under subsection (a) are not used for ex-
 20 cessive administrative expenses and that all funds
 21 distributed under such subsection used for salaries
 22 by a local entity are fair and equitable. The State
 23 has the authority to determine the appropriate level
 24 of funds distributed under subsection (a) that an eli-
 25 gible entity shall use for administrative expenses.”.

1 **SEC. 106. APPLICATION AND PLAN.**

2 Section 676 of the Community Services Block Grant
3 Act (42 U.S.C. 9908) is amended—

4 (1) in subsection (b)—

5 (A) in the matter preceding paragraph (1),
6 by inserting “for the Secretary’s approval”
7 after “to the Secretary”;

8 (B) by striking paragraphs (1) through (6)
9 and inserting the following:

10 “(1) an assurance that funds made available
11 through the grant or allotment will be used—

12 “(A) to support activities directly and
13 through eligible entities that are designed to ex-
14 pand opportunities for and assist low-income in-
15 dividuals and their families (including low-in-
16 come workers) to become self-sufficient, includ-
17 ing low-income workers, families, and individ-
18 uals receiving assistance under part A of title
19 IV of the Social Security Act (42 U.S.C. 601 et
20 seq.), homeless families and individuals, mi-
21 grant or seasonal farmworkers, and elderly low-
22 income individuals and families, and a descrip-
23 tion of how such activities will enable the fami-
24 lies and individuals—

25 “(i) to remove obstacles and solve
26 problems that block the achievement of

1 self-sufficiency by organizing and coordi-
2 nating support for those served under
3 paragraph (3);

4 “(ii) to secure and retain employment
5 that provides adequate income with essen-
6 tial benefits;

7 “(iii) to attain an adequate education,
8 with particular attention toward improving
9 literacy and communications and technical
10 skills of the low-income families in the
11 communities involved;

12 “(iv) to make better use of available
13 income and build household assets;

14 “(v) to obtain and maintain adequate
15 housing and a suitable living environment;

16 “(vi) to obtain assistance that is need-
17 ed to resolve family emergencies and indi-
18 vidual needs, to prevent further hardships,
19 and to secure economic independence; and

20 “(vii) to participate fully in the public
21 affairs and management of their commu-
22 nities and the governance of eligible enti-
23 ties; and

24 “(B) to make more effective use of, and to
25 coordinate with, other programs related to the

1 purposes of this subtitle (including State wel-
2 fare reform efforts);

3 “(2) a description of how the State intends to
4 use discretionary funds made available from the re-
5 mainder of the grant or allotment described in sec-
6 tion 675C(b) in accordance with this subtitle, includ-
7 ing a description of how the State will support inno-
8 vative community-based initiatives of eligible entities
9 and their partners related to the purposes of this
10 subtitle;

11 “(3) an assurance that the State has integrated
12 programs of general relevance in its plan, to the ex-
13 tent appropriate to the needs of low-income commu-
14 nities served by the eligible entities, including a de-
15 scription of innovative community and neighborhood-
16 based initiatives such as—

17 “(A) initiatives with the goal of strength-
18 ening families and encouraging effective par-
19 enting, including fatherhood initiatives;

20 “(B) initiatives to assist those moving
21 from welfare to work to obtain jobs at decent
22 wages with benefits, including those low-income
23 individuals and their families who are attempt-
24 ing to transition off a State program carried

1 out under part A of title IV of the Social Secu-
2 rity Act (42 U.S.C. 601 et seq.);

3 “(C) programs for the establishment of vi-
4 olence-free zones that would involve youth de-
5 velopment and intervention models that pro-
6 mote youth success (such as models involving
7 youth mediation, youth mentoring, life skills
8 training, job creation, and entrepreneurship
9 programs);

10 “(D) family literacy initiatives;

11 “(E) initiatives to increase the develop-
12 ment of household assets of individuals such as
13 individual development accounts and home-
14 ownership opportunities;

15 “(F) public and private partnerships to
16 foster community development, affordable hous-
17 ing, job creation, and other means of building
18 the assets of low-income communities;

19 “(G) partnerships with local law enforce-
20 ment agencies, which may include participation
21 in community policing, and activities to assist
22 community residents and public safety officials
23 in the event of emergencies, including threats to
24 national security;

1 “(H) initiatives to improve economic condi-
 2 tions and mobilize new resources in rural areas
 3 and other at-risk areas to eliminate obstacles to
 4 the self sufficiency of families and individuals in
 5 those communities;

6 “(I) initiatives to help reduce the con-
 7 centration of poverty in cities and inner suburbs
 8 and provide economic opportunities for individ-
 9 uals and families in those areas; and

10 “(J) partnerships with nonprofit or com-
 11 munity-based organizations that demonstrate
 12 effectiveness in child abuse prevention, includ-
 13 ing with programs that are school-based and
 14 that focus on adolescent victims, and victim-
 15 izers;

16 “(4) an assurance that the State will provide
 17 information, including—

18 “(A) a description of the State measure-
 19 ment system and results for the performance
 20 goals established under section 678E(a)(1)(C);

21 “(B) a description of the service delivery
 22 system, for services provided or coordinated
 23 with funds made available through grants made
 24 under section 675C(a), targeted to low-income

1 individuals and families in communities within
2 the State;

3 “(C) a description of how linkages will be
4 developed to fill identified gaps in the services,
5 through the provision of information, referrals,
6 case management, and followup consultations,
7 and to support mobilization of new resources
8 and partnerships;

9 “(D) a description of how funds made
10 available through grants made under section
11 675C(a) will be coordinated with other public
12 and private resources; and

13 “(E) a description of how the local entity
14 will use the funds to support innovative commu-
15 nity and neighborhood-based initiatives related
16 to the purposes of this subtitle;

17 “(5) an assurance that eligible entities in the
18 State will provide, on an emergency basis, for the
19 provision of such supplies and services, nutritious
20 foods, and related services, as may be necessary to
21 counteract conditions of starvation and malnutrition
22 among low-income individuals;

23 “(6) an assurance that the State has, to avoid
24 duplication of such services, and to ensure that pro-
25 gram gaps are addressed, identified and coordinated

1 with eligible entity programs, with State and local
 2 agencies, and with programs that assist low-income
 3 individuals and their families, including—

4 “(A) programs carried out under part A of
 5 title IV of the Social Security Act (42 U.S.C.
 6 601 et seq.), the Workforce Investment Act of
 7 1998 (29 U.S.C. 2801 et seq.), and other pro-
 8 grams designed to coordinate work-related sup-
 9 portive services for families;

10 “(B) programs for expanding housing op-
 11 portunities, reducing homelessness, and devel-
 12 oping community investment projects;

13 “(C) education programs, including those
 14 for preschool and school-aged children and for
 15 adults to obtain an adequate education; and

16 “(D) programs designed to support youth,
 17 the homeless, migrants, senior citizens, and in-
 18 dividuals with disabilities, including programs
 19 under the Low-Income Home Energy Assist-
 20 ance Act of 1981 (42 U.S.C. 8621 et seq.);”;

21 (C) in paragraph (12)—

22 (i) by striking “not later than fiscal
 23 year 2001” and inserting “annually”; and

24 (ii) by striking “and” at the end;

1 (D) in paragraph (13), by striking the pe-
 2 riod and inserting “in sufficient detail to permit
 3 verification; and”; and

4 (E) by adding at the end the following:

5 “(14) beginning with fiscal year 2006, and in
 6 each fiscal year thereafter, an assurance that the
 7 State is using the procedures described in section
 8 678B(b) to monitor eligible entities.”; and

9 (2) by striking subsection (f).

10 **SEC. 107. DESIGNATION OF ELIGIBLE ENTITIES IN UNDER-**
 11 **SERVED AREAS.**

12 Section 676A(b) of the Community Services Block
 13 Grant Act (42 U.S.C. 9909(b)) is amended by adding at
 14 the end the following: “In granting such designation, the
 15 State shall deem private nonprofit eligible entities that are
 16 providing related services in the unserved area to be of
 17 demonstrated effectiveness, consistent with the needs iden-
 18 tified by a community needs assessment.”.

19 **SEC. 108. TRIPARTITE BOARDS.**

20 Section 676B(b) of the Community Services Block
 21 Grant Act (42 U.S.C. 9910(b)) is amended—

22 (1) by striking “through—” and all that follows
 23 through “a tripartite” in paragraph (1) and insert-
 24 ing “through a tripartite”;

25 (2) by striking paragraph (2);

1 (3) in subparagraph (C), by striking “; or” and
 2 inserting a period; and
 3 (4) by redesignating subparagraphs (A) through
 4 (C) as paragraph (1) through (3), respectively and
 5 realigning the margins of such paragraphs accord-
 6 ingly.

7 **SEC. 109. TRAINING, TECHNICAL ASSISTANCE, AND OTHER**
 8 **ACTIVITIES.**

9 Section 678A of the Community Services Block
 10 Grant Act (42 U.S.C. 9913) is amended—

11 (1) in subsection (a)(1)—

12 (A) in subparagraph (A), by striking “cor-
 13 rective action” and all that follows through “;
 14 and” and inserting “monitoring and such addi-
 15 tional corrective actions as may be needed to
 16 strengthen the management and programmatic
 17 practices of eligible entities;”; and

18 (B) by striking subparagraph (B) and in-
 19 serting the following:

20 “(B) for State and local performance re-
 21 porting and program data collection activities
 22 related to programs carried out under this sub-
 23 title;

24 “(C) for the preparation of reports pro-
 25 vided for in section 678E;

1 “(D) for the development and promulga-
 2 tion of a common State Financial and Organi-
 3 zational Protocol that is required to be used by
 4 States under section 678B(b); and

5 “(E) to distribute amounts in accordance
 6 with subsection (c).”;

7 (2) in subsection (b)(2), by striking “an ongo-
 8 ing procedure for obtaining input from the national
 9 and State networks of eligible entities” and inserting
 10 “a strategic plan for annual technical assistance de-
 11 veloped in consultation with the national and State
 12 networks of eligible entities regarding their manage-
 13 ment support needs”; and

14 (3) in subsection (c)(1), by striking “manage-
 15 ment information” and all that follows through the
 16 period, and inserting “improving management infor-
 17 mation and reporting systems, measuring of pro-
 18 gram results, ensuring responsiveness to identified
 19 local needs, and reporting and disseminating suc-
 20 cessful practices and initiatives.”.

21 **SEC. 110. MONITORING.**

22 Section 678B of the Community Services Block
 23 Grant Act (42 U.S.C. 9914) is amended—

24 (1) in the section heading by striking “**OF EL-**
 25 **IGIBLE ENTITIES**”;

1 (2) in subsection (a)—

2 (A) by striking the subsection heading and
3 inserting “MONITORING OF ELIGIBLE ENTI-
4 TIES”;

5 (B) in paragraph (1)—

6 (i) by inserting “biennial” after “on-
7 site”; and

8 (ii) by striking “at least once during
9 each 3 year period”;

10 (C) by striking paragraph (2);

11 (D) by redesignating paragraphs (3) and
12 (4) as paragraphs (2) and (3), respectively; and

13 (E) in paragraph (2) (as so redesignated),
14 by inserting “annual” after “Followup”;

15 (3) by redesignating subsections (b) and (c) as
16 subsection (c) and (d), respectively;

17 (4) by inserting after subsection (a) the fol-
18 lowing:

19 “(b) FINANCIAL AND ORGANIZATIONAL ASSESSMENT
20 PROTOCOL.—Beginning in fiscal year 2006, States shall
21 implement a financial and organizational assessment pro-
22 tocol to monitor and evaluate the compliance of eligible
23 entities with the financial and administrative requirements
24 of this section. Such protocol shall incorporate the fiscal
25 and organizational review procedures and standards ap-

1 appropriate to the management of Federal funds under this
 2 subtitle and the governance of the eligible private non-
 3 profit corporations or other eligible entities. The Secretary
 4 shall require the protocol to be developed jointly by the
 5 States and eligible entities and shall assist States in devel-
 6 oping appropriate training for personnel monitoring the
 7 uses of funds under this subtitle according to the require-
 8 ments of this section.”; and

9 (5) in subsection (d), as so redesignated, by
 10 striking the last sentence and inserting the fol-
 11 lowing: “The Secretary shall annually submit a re-
 12 port including the results of the evaluations con-
 13 ducted under this subtitle, the State performance re-
 14 ports provided for pursuant to section
 15 678E(a)(1)(C), and other material as provided by
 16 section 678E(b)(2) to the Committee on Education
 17 and the Workforce of the House of Representatives
 18 and the Committee on Health, Education, Labor,
 19 and Pensions of the Senate.”.

20 **SEC. 111. CORRECTIVE ACTION; TERMINATION AND REDUC-**
 21 **TION OF FUNDING.**

22 Section 678C of the Community Services Block
 23 Grant Act (42 U.S.C. 9915) is amended—

24 (1) in subsection (a)—

1 (A) in paragraph (4), by striking “and” at
2 the end; and

3 (B) by striking paragraph (5) and insert-
4 ing the following:

5 “(5) if the eligible entity fails to correct the de-
6 ficiency, notify the entity—

7 “(A) that the State intends to initiate pro-
8 ceedings to terminate the designation of the en-
9 tity as an eligible entity or to reduce, from the
10 previous year, the proportion of the total fund-
11 ing received by the State under this subtitle
12 that is allocated to the eligible entity;

13 “(B) that the eligible entity has the right
14 to a hearing on the record to determine if there
15 is cause for such termination or reduction in
16 funding, as defined in section 676(c), and that
17 the request for a hearing must be made in writ-
18 ing to the State within 30 days of receipt of the
19 notice from the State; and

20 “(C) of the legal basis for the proposed
21 termination or reduction in funding, the factual
22 findings on which the proposed termination or
23 reduction in funding is based or a reference to
24 specific findings in another document that form
25 the basis for the proposed termination or reduc-

1 tion in funding (such as a reference to item
 2 numbers in an on-site review report or instru-
 3 ment), and citation to any statutory provisions,
 4 agreements, regulations, or State plan; and

5 “(6) if the eligible entity requests a hearing,
 6 conduct a hearing on the record to determine if
 7 there is cause for termination or a reduction in
 8 funding, as defined in section 676(c).”;

9 (2) in subsection (b)—

10 (A) by striking “review such a determina-
 11 tion” and inserting “review and either approve,
 12 or disapprove and reverse, such a determina-
 13 tion”;

14 (B) by striking “90 days” each place that
 15 it appears and inserting “30 days”; and

16 (C) by striking “90th day” and inserting
 17 “30th day”; and

18 (3) in subsection (c), by adding at the end the
 19 following: “The Secretary shall continue to fund an
 20 eligible entity, in an amount equal to the same pro-
 21 portion of total funds received by the State under
 22 this subtitle as was allocated to the eligible entity
 23 the previous year, until the Secretary approves, or
 24 disapproves and reverses, the determination of ter-

1 mination or reduction in funding with respect to the
2 State.”.

3 **SEC. 112. FISCAL CONTROLS, AUDITS, AND WITHHOLDING.**

4 Section 678D of the Community Services Block
5 Grant Act (42 U.S.C. 9916) is amended—

6 (1) in subsection (a)(1)—

7 (A) in subparagraph (C), by striking
8 “and” at the end;

9 (B) by redesignating subparagraph (D) as
10 subparagraph (F); and

11 (C) by inserting after subparagraph (C),
12 the following:

13 “(D) notwithstanding paragraph (2)(B),
14 beginning in fiscal year 2004, and not less than
15 every 4 years thereafter, each State shall sub-
16 mit to the Secretary a separate audit of the
17 funds appropriated under this subtitle that—

18 “(i) shall apply only to—

19 “(I) State disbursement of funds
20 to eligible entities;

21 “(II) use of funds for State ad-
22 ministrative expenses; and

23 “(III) State disbursement of as-
24 sistance provided under section 680;
25 and

1 “(ii) shall be funded—

2 “(I) first, through the funds
3 available for administrative expenses
4 under section 675C(b)(2); and

5 “(II) second, from any funds re-
6 ceived by the State through assistance
7 provided under section 680; and

8 “(E) submit full financial reports to the
9 Secretary not later than 6 months following the
10 end of each fiscal year; and”; and

11 (2) in subsection (b)(1), by adding at the end
12 the following: “The Secretary, after providing ade-
13 quate notice, shall withhold administrative funds de-
14 scribed in section 675C(b)(2) from any State that
15 fails to comply with the provisions of sections 678A
16 through 678D(a), and may, after an opportunity for
17 a hearing conducted within the affected State, with-
18 hold funds from the State and provide such funds
19 directly to the eligible entities in such State upon a
20 demonstration of the compliance by such entities
21 with the requirements of this subtitle.”

22 **SEC. 113. ACCOUNTABILITY AND REPORTING REQUIRE-**
23 **MENT.**

24 Section 678E of the Community Services Block
25 Grant Act (42 U.S.C. 9917) is amended to read as follows:

1 **“SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIRE-**
 2 **MENTS.**

3 “(a) STATE ACCOUNTABILITY AND REPORTING RE-
 4 QUIREMENTS.—

5 “(1) PERFORMANCE MEASUREMENT OF ELIGI-
 6 BLE ENTITIES.—

7 “(A) IN GENERAL.—Each State that re-
 8 ceives funds under this subtitle shall partici-
 9 pate, and shall ensure that all eligible entities
 10 in the State participate, in a performance meas-
 11 urement system, which may be a performance
 12 measurement system for which the Secretary
 13 facilitated development pursuant to subsection
 14 (b), or an alternative system that the Secretary
 15 is satisfied meets the requirements of sub-
 16 section (b).

17 “(B) LOCAL AGENCIES.—The State may
 18 elect to have local agencies that are subcontrac-
 19 tors of the eligible entities under this subtitle
 20 participate in the performance measurement
 21 system. If the State makes that election, ref-
 22 erences in this section to eligible entities shall
 23 be considered to include the local agencies.

24 “(C) PERFORMANCE MEASUREMENT OF
 25 STATES.—Not later than 1 year after the date
 26 of enactment of the Poverty Reduction and Pre-

vention Act, the Secretary shall establish, in consultation with States and eligible entities, performance standards for the State administration of block grant funds. Such standards shall include standards relating to—

“(i) the timeliness of the availability of State plans for public comment as required under section 676(a)(2)(B) and of submission of such plans to the Secretary as required in section 676(b);

“(ii) the utilization of the financial and organizational assessment protocol established under section 678B(b), including the training and skills of State personnel responsible for such oversight, the completion of annual monitoring, the identification of opportunities for improvement, and the implementation of plans to enhance the management capacity and infrastructure of eligible entities;

“(iii) the timeliness of the distribution of block grants funds to eligible entities as provided in section 675C(a);

“(iv) the resources made available for management development at eligible enti-

ties, including monitoring, training, and assistance with financial management and program information and assessment systems;

“(v) the results of State efforts to coordinate eligible entity programs with other State programs for low-income individuals and their families, especially participants in the program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and other working families, and to ensure the participation of eligible entities in the development of statewide strategies to reduce poverty; and

“(vi) the assistance provided to eligible entities in securing private partnerships as required in section 676(b).

“(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. The State shall include in the report any information collected by the State relating to such performance. Each State shall also in-

1 clude in the report an accounting of the expenditure
 2 of funds received by the State through the commu-
 3 nity services block grant program, including an ac-
 4 counting of funds spent on administrative costs by
 5 the State and the eligible entities, funds spent by eli-
 6 gible entities on the direct delivery of local services,
 7 and the achievement of national goals established
 8 under the procedures described in this section, and
 9 shall include information on the number of and
 10 characteristics of clients served under this subtitle in
 11 the State, based on data collected from the eligible
 12 entities. The State shall also include in the report a
 13 summary describing the training and technical as-
 14 sistance offered by the State under section
 15 678C(a)(3) during the year covered by the report.

16 “(b) LOCAL ENTITY ACCOUNTABILITY AND REPORT-
 17 ING REQUIREMENTS.—

18 “(1) LOCAL ENTITY DETERMINED GOALS.—In
 19 order to be designated as an eligible entity and to
 20 receive a grant under this subtitle, an entity shall
 21 establish entity-determined goals for reducing pov-
 22 erty in the community, including goals for—

23 “(A) leveraging community resources;

24 “(B) fostering coordination of Federal,
 25 State, local, private, and other assistance; and

1 “(C) promoting community involvement.

2 “(2) DEMONSTRATION THAT GOALS WERE
3 MET.—In order to receive a grant subsequent to the
4 first grant that is provided to an eligible entity fol-
5 lowing the date of enactment of the Poverty Reduc-
6 tion and Prevention Act, the entity shall dem-
7 onstrate to the State that substantial progress has
8 been made in meeting the goals of the entity as de-
9 scribed in paragraph (1).

10 “(3) GOALS OR PERFORMANCE MEASURES.—
11 Any specific goals or performance measures, for an
12 individual eligible entity, that are used in any moni-
13 toring or review process under this subtitle, shall
14 be—

15 “(A) determined by the entity;

16 “(B) agreed on by the State involved and
17 the entity, during the planning process leading
18 to the grant involved; and

19 “(C) incorporated into the grant agree-
20 ment between the State and entity for each
21 subsequent award cycle.

22 “(4) PROCEDURES.—If the State determines
23 that a failure to meet goals established under this
24 subsection shall be a basis for terminating the des-
25 ignation or reducing the funds of an eligible entity

1 under this subtitle, and determines that an eligible
 2 entity has failed to meet the goals, the procedures
 3 set forth in section 678C shall apply.

4 “(c) SECRETARY’S ACCOUNTABILITY AND REPORT-
 5 ING REQUIREMENTS.—

6 “(1) FEDERAL PERFORMANCE MEASURE-
 7 MENT.—The Secretary shall establish goals for the
 8 Department of Health and Human Services Office of
 9 Community Services with respect to—

10 “(A) the timeliness of the distribution of
 11 funds under this subtitle, including funds for
 12 training and technical assistance;

13 “(B) the monitoring of States as provided
 14 for in section 678D;

15 “(C) the coordination of other Office of
 16 Community Service programs with the activities
 17 of States and eligible entities under this sub-
 18 title; and

19 “(D) the full and timely reporting as re-
 20 quired in this section.

21 “(2) LOCAL PERFORMANCE MEASUREMENT.—

22 “(A) IN GENERAL.—To the maximum ex-
 23 tent practicable, the Secretary shall coordinate
 24 reporting requirements for all programs of the
 25 Department of Health and Human Services

1 that are managed by eligible entities so as to
2 consolidate and reduce the number of reports
3 required relating to individuals, families, and
4 uses of grant funds, specifically funds under the
5 Head Start Act (42 U.S.C. 9831 et seq.), the
6 Low-Income Home Energy Assistance Act of
7 1981 (42 U.S.C. 8621 et seq.), child care pro-
8 grams administered by the Department, and
9 health related service programs administered by
10 the Department.

11 “(B) TECHNICAL ASSISTANCE.—The Sec-
12 retary shall provide technical assistance, includ-
13 ing support for the enhancement of electronic
14 data systems, to States and to eligible entities
15 to enhance their capability to collect and report
16 data for such a system and to aid in their par-
17 ticipation in such a system.

18 “(C) LOCAL ENTITY PERFORMANCE MEAS-
19 UREMENT SYSTEM.—The Secretary shall assist
20 in the implementation of a local entity perform-
21 ance measurement system, and other voluntary
22 programmatic and results reporting systems,
23 developed by States, eligible entities, and their
24 national associations acting together. The Sec-
25 retary and the developers of such systems shall

1 ensure that the set of measures are numerous
 2 enough to cover the full range of services of-
 3 fered by all local eligible entities. Under such a
 4 system, local eligible entities shall only be com-
 5 pelled to collect data on the subset of perform-
 6 ance measures that reflect their community-spe-
 7 cific programs and services currently adopted.
 8 Eligible entities shall not be required under this
 9 subparagraph to alter the collection of data for
 10 any reports provided for other programs within
 11 the Department of Health and Human Services
 12 or other Federal agencies. States shall compile
 13 annual Results Oriented Management and Ac-
 14 countability System reports for the Secretary
 15 under this subparagraph.

16 “(3) REPORTING REQUIREMENTS.—For each
 17 fiscal year the Secretary shall, directly or by grant
 18 or contract, prepare a report containing—

19 “(A) a summary of the planned use of
 20 funds by each State, and the eligible entities in
 21 the State, under the community services block
 22 grant program, as contained in each State plan
 23 submitted pursuant to section 676;

24 “(B) a description of how funds were actu-
 25 ally spent by the State and eligible entities in

1 the State, including a breakdown of funds spent
2 on administrative costs and on the direct deliv-
3 ery of local programs by eligible entities;

4 “(C) information on the number of entities
5 eligible for funds under this subtitle, the num-
6 ber of low-income persons served under this
7 subtitle, and such demographic data on the low-
8 income populations served by eligible entities as
9 is determined by the Secretary to be feasible;

10 “(D) a comparison of the planned uses of
11 funds for each State and the actual uses of the
12 funds;

13 “(E) a summary of each State’s perform-
14 ance results, and the results for the eligible en-
15 tities, as collected and submitted by the States
16 in accordance with subsection (a)(2); and

17 “(F) any additional information that the
18 Secretary considers to be appropriate to carry
19 out this subtitle, if the Secretary informs the
20 States of the need for such additional informa-
21 tion and allows a reasonable period of time for
22 the States to collect and provide the informa-
23 tion.

24 “(4) SUBMISSION.—The Secretary shall submit
25 to the Committee on Education and the Workforce

1 of the House of Representatives and the Committee
 2 on Health, Education, Labor, and Pensions of the
 3 Senate the report described in paragraph (2), and
 4 any comments the Secretary may have with respect
 5 to such report. The report shall include definitions
 6 of direct and administrative costs used by the De-
 7 partment of Health and Human Services for pro-
 8 grams funded under this subtitle.

9 “(5) COSTS.—Of the funds reserved under sec-
 10 tion 674(b)(3), not more than \$500,000 shall be
 11 available to carry out the reporting requirements
 12 contained in paragraph (3).”.

13 **SEC. 114. LIMITATIONS ON USE OF FUNDS.**

14 Section 678F(c)(1) of the Community Services Block
 15 Grant Act (42 U.S.C. 9918(c)(1)) is amended by inserting
 16 “religion,” after “race,”.

17 **SEC. 115. OPERATIONAL RULE.**

18 Section 679(a) of the Community Services Block
 19 Grant Act (42 U.S.C. 9920(a)) is amended by inserting
 20 “and such organization meets the requirements of this
 21 subtitle” before the first period.

22 **SEC. 116. DISCRETIONARY AUTHORITY OF THE SECRETARY.**

23 Section 680 of the Community Services Block Grant
 24 Act (42 U.S.C. 9921) is amended—

25 (1) in subsection (a)—

1 (A) in paragraph (2)—

2 (i) by redesignating subparagraphs
3 (B) through (E) as subparagraph (D)
4 through (G), respectively;

5 (ii) by striking subparagraph (A) and
6 inserting the following:

7 “(A) ECONOMIC DEVELOPMENT ACTIVI-
8 TIES.—The Secretary shall make grants de-
9 scribed in paragraph (1) on a competitive basis
10 to private, nonprofit organizations that are
11 community development corporations to provide
12 technical and financial assistance for economic
13 development activities, including business, eco-
14 nomic, and community development projects,
15 designed to address the economic needs of low-
16 income individuals and families by creating em-
17 ployment and business development opportuni-
18 ties. Such assistance shall include—

19 “(i) long-term loans (up to 15 years)
20 or investments for private business enter-
21 prises;

22 “(ii) providing capital to businesses
23 owned by community development corpora-
24 tions; and

1 “(iii) marketing and management as-
 2 sistance for businesses providing jobs and
 3 business opportunities to low-income indi-
 4 viduals.

5 “(B) FEDERAL INTEREST.—

6 “(i) IN GENERAL.—The Secretary
 7 shall establish procedures that permit an
 8 eligible entity who receives funds under a
 9 grant to carry out this paragraph, or in-
 10 tangible assets acquired with such funds,
 11 to become the sole owner of the funds or
 12 assets before the end of the 12-year period
 13 beginning at the end of the fiscal year for
 14 which the grant is made.

15 “(ii) CONDITIONS.—To be eligible to
 16 become the sole owner, the eligible entity
 17 shall agree—

18 “(I) to use the funds or assets
 19 for the purposes and uses for which
 20 the grant was made, or purposes and
 21 uses consistent with this subtitle, dur-
 22 ing and after the 12-year period de-
 23 scribed in clause (i), whether or not
 24 the eligible entity continues to be sup-
 25 ported by Federal funds; and

1 “(II) that, when the eligible enti-
 2 ty no longer needs the funds or assets
 3 for purposes and uses described in
 4 subclause (I), the eligible entity shall
 5 request instructions from the Sec-
 6 retary about the disposition of the
 7 funds or assets.

8 “(iii) ENCUMBERING.—The eligible
 9 entity may not encumber the assets with-
 10 out the approval of the Secretary.

11 “(C) ADMINISTRATIVE REQUIREMENTS.—
 12 In a case in which an eligible project under
 13 grant made under this section cannot, for good
 14 cause, be implemented, the Secretary shall es-
 15 tablish a policy to permit the substitution of
 16 other eligible projects. Such policy shall require
 17 that such project have the same impact area,
 18 the same goals, and the same objectives as the
 19 original project and outcomes that are substan-
 20 tially the same as the original project.”;

21 (iii) in subparagraph (E) (as so redes-
 22 ignated), by striking “the community” and
 23 inserting “the service area”; and

1 (iv) in subparagraph (G) (as so reded-
 2 icated), by striking “1 percent” and in-
 3 serting “2 percent”;

4 (B) in paragraph (3)(B), by striking “com-
 5 munity” and inserting “water and waste
 6 water”; and

7 (C) in paragraph (4), by striking “individ-
 8 uals and families” and inserting “individuals
 9 and their families”; and

10 (2) in subsection (c), by striking “Labor and
 11 Human Resources” and inserting “Health, Edu-
 12 cation, Labor, and Pensions”.

13 **SEC. 117. COMMUNITY FOOD AND NUTRITION PROGRAMS.**

14 Section 681 of the Community Services Block Grant
 15 Act (42 U.S.C. 9922) is amended—

16 (1) in subsection (c), by striking “Labor and
 17 Human Resources” and inserting “Health, Edu-
 18 cation, Labor, and Pensions”; and

19 (2) in subsection (d), by striking “1999 through
 20 2003” and inserting “2004 through 2009”.

21 **SEC. 118. NATIONAL OR REGIONAL PROGRAMS DESIGNED**
 22 **TO PROVIDE INSTRUCTIONAL ACTIVITIES**
 23 **FOR LOW-INCOME YOUTH.**

24 Section 682 of the Community Services Block Grant
 25 Act (42 U.S.C. 9923) is amended—

1 (1) in subsection (b)(2), by striking “or treat-
2 ment”; and

3 (2) in subsection (g), by striking “\$15,000,000
4 for each of fiscal years 1999 through 2003” and in-
5 serting “\$18,000,000 for each of fiscal years 2004
6 through 2009”.

7 **TITLE II—LOW-INCOME HOME** 8 **ENERGY ASSISTANCE**

9 **SEC. 201. SHORT TITLE.**

10 This title may be cited as the “Low-Income Home
11 Energy Assistance Amendments of 2004”.

12 **SEC. 202. REAUTHORIZATION.**

13 (a) IN GENERAL.—Section 2602(b) of the Low-In-
14 come Home Energy Assistance Act of 1981 (42 U.S.C.
15 8621(b)) is amended in the first sentence by striking
16 “such sums” and all that follows through the period and
17 inserting “and \$3,400,000,000 for each of fiscal years
18 2004 through 2006, and such sums as may be necessary
19 for each of fiscal years 2007 through 2010.”.

20 (b) PROGRAM YEAR.—Section 2602(c) of the Low-
21 Income Home Energy Assistance Act of 1981 (42 U.S.C.
22 8621(c)) is amended by inserting “authorized” after “pro-
23 grams and activities”.

24 (c) INCENTIVE PROGRAM FOR LEVERAGING NON-
25 FEDERAL RESOURCES.—Section 2602(d) of the Low-In-

1 come Home Energy Assistance Act of 1981 (42 U.S.C.
2 8621(d)) is amended—

3 (1) in paragraph (1), by striking “1999
4 through 2004” and inserting “2004 through 2010”;
5 and

6 (2) in paragraph (2), by striking “1999
7 through 2004” and inserting “2004 through 2010”.

8 **SEC. 203. NATURAL DISASTERS AND OTHER EMERGENCIES.**

9 Section 2604(e) of the Low-Income Home Energy
10 Assistance Act of 1981 (42 U.S.C. 8623(e)) is amended
11 by adding at the end the following:

12 “Notwithstanding any other provision of this section, for
13 purposes of making determinations under section
14 2603(1)(C), if the Secretary determines that there is an
15 increase of at least 20 percent in the cost of home energy
16 over the previous 5-year average for a duration of a month
17 or more in 1 or more States or regions, the Secretary shall
18 declare an energy emergency in the affected area and shall
19 make available funds as provided in this subsection. Not-
20 withstanding any other provision of this section, for pur-
21 poses of making such determinations, if the Secretary de-
22 termines that the number of heating degree days or cool-
23 ing days for a month was more than 100 above the 30-
24 year average in 1 or more States or regions, the Secretary
25 shall declare an energy emergency in the affected area and

1 shall make available funds as provided in this sub-
 2 section.”.

3 **SEC. 204. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE**

4 **OPTION.**

5 (a) **EVALUATION.**—The Comptroller General of the
 6 United States shall conduct an evaluation of the Residen-
 7 tial Energy Assistance Challenge program described in
 8 section 2607B of the Low-Income Home Energy Assist-
 9 ance Act of 1981 (42 U.S.C. 8626b).

10 (b) **REPORT.**—Not later than 2 years after the date
 11 of enactment of this Act, the Comptroller General of the
 12 United States shall prepare and submit to the Committee
 13 on Education and the Workforce of the House of Rep-
 14 resentatives and the Committee on Health, Education,
 15 Labor, and Pensions of the Senate a report containing—

16 (1) the findings resulting from the evaluation
 17 described in subsection (a); and

18 (2) the State evaluations described in para-
 19 graphs (1) and (2) of section 2607B(b) of the Low-
 20 Income Home Energy Assistance Act of 1981 (42
 21 U.S.C. 8626b(b)).

22 **SEC. 205. REPORT TO CONGRESS.**

23 (a) **STUDY.**—

24 (1) **IN GENERAL.**—The Secretary of Health and
 25 Human Services shall conduct a study on the Low-

1 Income Home Energy Assistance Act of 1981 (42
2 U.S.C. 8621 et seq.)

3 (2) REQUIREMENTS.—In conducting the study
4 under subparagraph (A), the Secretary of Health
5 and Human Services shall—

6 (A) evaluate the performance of the Low-
7 Income Home Energy Assistance Program, in-
8 cluding who the program is serving, the benefits
9 of the program to recipients, and the ability of
10 the program to reduce utility arrearage and
11 shut-offs among low-income households;

12 (B) develop a protocol for States to collect
13 information from energy distribution compa-
14 nies, including electric, natural gas, heating oil,
15 and propane companies, concerning the fol-
16 lowing residential customer statistics—

17 (i) the number of accounts certified as
18 eligible for energy assistance;

19 (ii) the number of accounts certified
20 as eligible for energy assistance and that
21 are past due;

22 (iii) the total revenue owed on ac-
23 counts eligible for energy assistance and
24 that are past due;

1 (iv) the number of disconnection no-
2 tices issued on accounts eligible for energy
3 assistance;

4 (v) the number of disconnections for
5 nonpayment;

6 (vi) the number of reconnections;

7 (vii) the number of accounts eligible
8 for energy assistance and determined
9 uncollectible; and

10 (viii) the energy burden of accounts
11 eligible for energy assistance;

12 (C) analyze the public health and safety
13 threats of hypothermia and hyperthermia due
14 to a lack of home heating or home cooling, in-
15 cluding mortality, morbidity, and decrease in
16 caloric intake;

17 (D) analyze the affect of the standard of
18 housing and housing age on energy costs to
19 low-income households;

20 (E) evaluate regional difference in cost-of-
21 living and the ability of low-income families to
22 meet home energy requirements; and

23 (F) determine the programmatic impacts
24 of using 60 percent of State median income to
25 determine low-income households.

1 (b) REPORT.—Not later than 24 months after the
 2 date of enactment of this Act, the Secretary of Health and
 3 Human Services shall submit to Congress a report con-
 4 taining the results of the study conducted under sub-
 5 section (a).

6 (c) DEFINITION.—In this section, the term “State”
 7 means each of the 50 States and the District of Columbia.

8 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 9 are authorized to be appropriated to carry out this sub-
 10 section such sums as may be necessary for each of fiscal
 11 years 2004 and 2005.

12 (e) CONTRACTS.—Using amounts appropriated under
 13 subsection (d), the Secretary of Health and Human Serv-
 14 ices may enter into contracts or jointly financed coopera-
 15 tive agreements or interagency agreements with States
 16 and public agencies and private nonprofit organizations to
 17 conduct the study under subsection (a).

18 **TITLE III—ASSETS FOR INDE-**
 19 **PENDENCE REAUTHORIZA-**
 20 **TION ACT**

21 **SEC. 301. SHORT TITLE.**

22 This title may be cited as the “Assets for Independ-
 23 ence Reauthorization Act”.

1 **SEC. 302. REAUTHORIZATION OF THE ASSETS FOR INDE-**
 2 **PENDENCE ACT.**

3 (a) DEFINITION OF QUALIFIED EXPENSES.—Section
 4 404(8) of the Assets for Independence Act (42 U.S.C. 604
 5 note) is amended—

6 (1) in subparagraph (A)—

7 (A) in the matter preceding clause (i), by
 8 inserting “or to a vendor following approval by
 9 a qualified entity upon submission of an ap-
 10 proved qualified education purchase plan” be-
 11 fore the period; and

12 (B) by adding at the end the following:

13 “(iii) QUALIFIED EDUCATION PUR-
 14 CHASE PLAN.—The term ‘qualified edu-
 15 cation purchase plan’ means a document
 16 that explains the education item to be pur-
 17 chased which—

18 “(I) is approved by a qualified
 19 entity; and

20 “(II) includes a description of the
 21 good to be purchased.”;

22 (2) in subparagraph (D), by striking “eligible”;
 23 and

24 (3) by adding at the end the following:

25 “(E) SAVING IN IDAS FOR DEPENDENTS.—
 26 Amounts paid to an individual development ac-

1 count established for the benefit of a dependent
 2 (as such terms is defined for purposes of sub-
 3 paragraph (D)(ii)) of an eligible individual for
 4 the purpose of postsecondary education.”.

5 (b) REPEAL OF PROVISION.—Section 405 of the As-
 6 sets for Independence Act (42 U.S.C. 604 note) is amend-
 7 ed by striking subsection (g).

8 (c) RESERVE FUND.—Section 407 of the Assets for
 9 Independence Act (42 U.S.C. 604 note) is amended—
 10 (1) in subsection (b)—

11 (A) in paragraph (1)—

12 (i) by redesignating subparagraphs
 13 (A) and (B) as subparagraphs (B) and
 14 (C), respectively; and

15 (ii) by inserting before subparagraph
 16 (B) (as so redesignated) the following:

17 “(A) all grant funds provided to the quali-
 18 fied entity from the Secretary for the purpose
 19 of the demonstration project as described under
 20 subsection (c)(1);” and

21 (B) by adding at the end the following:

22 “(3) RULE OF CONSTRUCTION.—Nothing in
 23 paragraph (1)(A) shall be construed to preclude a
 24 qualified entity from depositing other demonstration
 25 project funds into the Reserve Fund.”; and

1 (2) in subsection (d), by inserting “the date
2 that is 12 months after” after “upon”.

3 (d) USE OF AMOUNTS.—Section 407(c) of the Assets
4 for Independence Act (42 U.S.C. 604 note) is amended
5 by adding at the end the following:

6 “(4) USE OF NONFEDERAL FUNDS.—

7 “(A) IN GENERAL.—Notwithstanding para-
8 graph (3), not more than 20 percent of the
9 amount of non-Federal funds committed to a
10 project as matching contributions in accordance
11 with the application submitted by the qualified
12 entity under section 405(c)(4) shall be used by
13 the qualified entity for the purposes described
14 in subparagraphs (A), (C), and (D) of para-
15 graph (1).

16 “(B) PRIORITY.—In awarding grants
17 under section 406(b), the Secretary shall give
18 priority to qualified entities that submit appli-
19 cations that, with respect to the commitment of
20 non-Federal funds under section 405(c)(4), pro-
21 vide assurances that not to exceed 15 percent
22 of such non-Federal funds will be used by the
23 qualified entity for the purposes described in
24 subparagraphs (A), (C), and (D) of paragraph
25 (1).”.

1 (e) ELIGIBILITY FOR PARTICIPATION.—Section
 2 408(a)(1) of the Assets for Independence Act (42 U.S.C.
 3 604 note) is amended to read as follows:

4 “(1) INCOME TEST.—The—

5 “(A) gross income of the household is
 6 equal to or less than—

7 “(i) 200 percent of the poverty line
 8 (as determined by the Secretary of Health
 9 and Human Services);

10 “(ii) the earned income amount de-
 11 scribed in section 32 of the Internal Rev-
 12 enue Code of 1986 (taking into account
 13 the size of the household); or

14 “(iii) 80 percent of the Area Median
 15 Income (as determined by the Department
 16 of Housing and Urban Development); or

17 “(B) the modified adjusted gross income of
 18 the household for the previous year does not ex-
 19 ceed \$18,000 for an individual filer, \$30,000
 20 for a head of household, or \$38,000 for a joint
 21 filer.”.

22 (f) DEPOSITS BY QUALIFIED ENTITIES.—Section
 23 410 of the Assets for Independence Act (42 U.S.C. 604
 24 note) is amended—

1 (1) in subsection (a), by striking “qualified en-
 2 tity—” and all that follows through the end and in-
 3 serting the following: “qualified entity, a matching
 4 contribution of not less than \$0.50 and not more
 5 than \$4 for every \$1 of earned income (as defined
 6 in section 911(d)(2) of Internal Revenue Code of
 7 1986) deposited in the account and interest earned
 8 on that account by a project participant during that
 9 period. Matching contributions shall be made—

10 “(1) from the non-Federal funds described in
 11 section 405(c)(4); and

12 “(2) from the grant made under section 406(b);
 13 based on a ratio relating to the sources of funds described
 14 in paragraph (1) and (2) as determined by the qualified
 15 entity, consistent with the requirements of section
 16 407(c).”;

17 (2) by redesignating subsections (b) through (e)
 18 as subsections (c) through (f), respectively; and

19 (3) by inserting after subsection (a), the fol-
 20 lowing:

21 “(b) USE OF EXCESS INTEREST ON MATCHING
 22 FUNDS EARNED ON THE RESERVE FUND.—Interest that
 23 accrues on the matching funds earned and held in the Re-
 24 serve Fund, over and above the interest required to match
 25 an individual’s deposits and interest earned in the indi-

1 individual development account, shall be used by the qualified
 2 entity to fund existing individual development accounts or
 3 additional individual development accounts.”.

4 (g) AUTHORIZATION OF APPROPRIATIONS.—Section
 5 416 of the Assets for Independence Act (42 U.S.C. 604
 6 note) is amended by striking “and 2003,” and inserting
 7 “and 2003, \$25,000,000 for fiscal year 2004, and such
 8 sums as may be necessary for each of fiscal years 2005
 9 through 2008,”.

10 (h) APPLICATION OF AMENDMENTS.—In admin-
 11 istering the Assets for Independence Act (42 U.S.C. 604
 12 note), the Secretary of Health and Human Services shall
 13 apply—

14 (1) the amendments made by the Assets for
 15 Independence Act Amendments of 2000 to individ-
 16 uals who were individual development account hold-
 17 ers, and to entities that received grants, under the
 18 Assets for Independence Act either before or after
 19 the date of enactment of the Assets for Independ-
 20 ence Act Amendments of 2000; and

21 (2) the amendments made by this section to in-
 22 dividuals who were individual development account
 23 holders, and to entities that received grants, under

- 1 the Assets for Independence Act either before or
- 2 after the date of enactment of this Act.

Passed the Senate February 12, 2004.

Attest:

Secretary.

108TH CONGRESS
2D SESSION

S. 1786

AN ACT

To revise and extend the Community Services Block Grant Act, the Low-Income Home Energy Assistance Act of 1981, and the Assets for Independence Act.